

**STATE OF SOUTH CAROLINA  
BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of the Application of** )  
 )  
**NATIONSLINE SOUTH, INC.** )  
 )  
**for Authority to Provide Competitive** )  
**Local Exchange and Resold** )  
**Interexchange Telecommunications** )  
**Services in the State of South Carolina,** )  
**and for Flexible Regulation** )

**Docket No.** 2006-110-C

**NATIONSLINE SOUTH, INC.'S MOTION FOR  
PROTECTIVE TREATMENT OF FINANCIAL STATEMENTS**

NationsLine South, Inc. (the "Applicant" or "NationsLine"), pursuant to S.C. Code Ann § 39-8-10, *et seq.*, Commission Rule 103-800, *et seq.*, and Commission Order No. 2005-226, hereby moves the Commission to treat as confidential Trade Secrets the financial statements that were filed as **Exhibit E**, under seal, with the Company's Application in the above captioned docket. The Applicant does not seek confidential treatment of any other information in the application, or any information which may be submitted in connection with its annual reports to the Commission, or any other filings made after certification is granted.

**Description of Confidential Information**

An Applicant for a Certificate of Public Convenience and Necessity is required under S.C. Code Ann. Section 58-9-280 to demonstrate its financial fitness to provide service through the submission of financial statements and projections to the Commission. Because the Applicant has not yet begun business operations, and it does not have a financial history of its own, the Applicant has filed with its financial exhibits a Letter of Guarantee from ABC Television and Appliance Rental Inc. ("ABC"), which is a

corporation in the rent-to-own business, under common ownership with the Applicant. To demonstrate the ability of ABC to make such a guarantee, ABC has submitted its own financial statements. Other than demonstrating the financial fitness of ABC, these financial statements are irrelevant to any matter within the Commission's jurisdiction, as ABC is not participant in any of the industries regulated by the Commission.

### **Grounds for Claim of Confidentiality**

S.C. Code Ann. Section 30-4-40(a)(1) states that matters to be excluded from the South Carolina Freedom of information act include Trade secrets, which are defined as follows:

“unpatented, secret, commercially valuable plans, appliances, formulas, or processes...Trade secrets also include, for those public bodies who market services or products in competition with others, feasibility, planning, and marketing studies, marine terminal service and nontariff agreements, and evaluations and other materials which contain references to potential customers, competitive information, or evaluation.”

Under S.C. Code Ann § 39-8-20, the term "Trade secret" is defined as follows:

(a) information including, but not limited to, a formula, pattern, compilation, program, device, method, technique, product, system, or process, design, prototype, procedure, or code that:

(i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by the public or any other person who can obtain economic value from its disclosure or use, and

(ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

NationsLine is a nonpublic company, and is therefore not presently required to submit financial information which may be publicly disclosed, except as required by annual report filings in the states where it has been granted a CPCN. Those filings,

however, do not include the financial projection information, or the financial documents of its financial backer, ABC Television and Appliance Rental Inc.

The information submitted in Exhibit E includes confidential and commercially sensitive information concerning both NationsLine and ABC from which their competitors may derive economic value. The Applicant and ABC derive independent economic value from the fact that significant, detailed and proprietary information concerning its financial structure and current financing activities are unknown to their competitors. The public disclosure of information concerning NationsLine's financial projections, overhead, profit and resources could harm NationsLine in its competition with the incumbent local exchange carriers ("ILECs") in South Carolina as well as the competitive local exchange carriers "CLECs" which are already operating in the state. This would be particularly damaging in light of the current telecommunications environment, which is increasingly competitive due to the entrance of CLECs, and the proliferation of wireless and Voice Over Internet Protocol (VOIP) service. The public disclosure of the information provided by ABC could provide its competitors in the rent-to-own business an unfair and undeserved competitive advantage.

NationsLine has also taken steps to ensure the continued confidentiality of the financial information. NationsLine requested protective treatment of this and related information in its applications before the Tennessee Regulatory Authority and the Georgia Public Service Commission. Related NationsLine companies have requested confidential treatment of financial information in every state where they have applied for CPCN authority. Such confidential treatment has never been denied by any other Commission. The application for protective treatment of its financial information and

projections is standard practice by non-public companies seeking CPCN authorization in virtually every state that requires such information as part of the application.

Furthermore, under Rule 103-804(y)(1) applications to the Commission are generally considered within the definition of “Public Record.” However, Rule 103-804(y)(2) exempts from the definition of public records “any information specifically exempted by statute or Commission order.” The Commission therefore has the authority to treat information as confidential when adequate cause has been shown. Such treatment is specifically contemplated by Commission Order No. 2005-226.

### **Scope of Confidentiality**

The Applicant seeks confidential for the financial statements submitted in connection with the Application only, and does not seek confidential treatment for any financial information filed in connection with annual reports to the Commission such as gross receipts and universal service fund filings, or any other filing which would occur after certification has been granted. The information disclosed in the annual filings is a matter of public concern in the collection of taxes and the administration of the universal service fund. Furthermore, the annual filings are disclosures which are required of all companies, and therefore no particular company derives an unfair advantage from the disclosure requirement.

### **Conclusion**

WHEREFORE, NationsLine South Inc., respectfully requests that the Commission grant this motion for Protective treatment with respect to the projected financial statements attached as Exhibit E to its Application for a Certificate of Public

Convenience and Necessity to Provide Competitive Local Exchange and Resold  
Interexchange Telecommunications Services in the State of South Carolina and for  
Flexible Regulation, and filed under seal and marked as Confidential in this proceeding.

Respectfully submitted,  
NATIONSLINE SOUTH, INC.



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